

OFFICE OF THE CITY AUDITOR

Leslie I. Tanaka, CPA, City Auditor

POWERS, DUTIES AND FUNCTIONS

The Revised City Charter amendments, approved by the voters in the November 2002 General Election, authorized the city council to establish the Office of the City Auditor (OCA) as a separate and independent agency to strengthen the auditing function in city government and ensure that the agencies and programs of the City are held to the highest standard of accountability to the public (Sec. 3-501.1, RCH). The charter affords the auditor the independence to initiate work under the auditor's authority and consider requests for work from the council. In addition, and for the purpose of carrying out an audit, the charter empowers the auditor to have full, free and unrestricted access to any city officer or employee and grants authorization to examine and inspect any record of any agency or operation of the City.

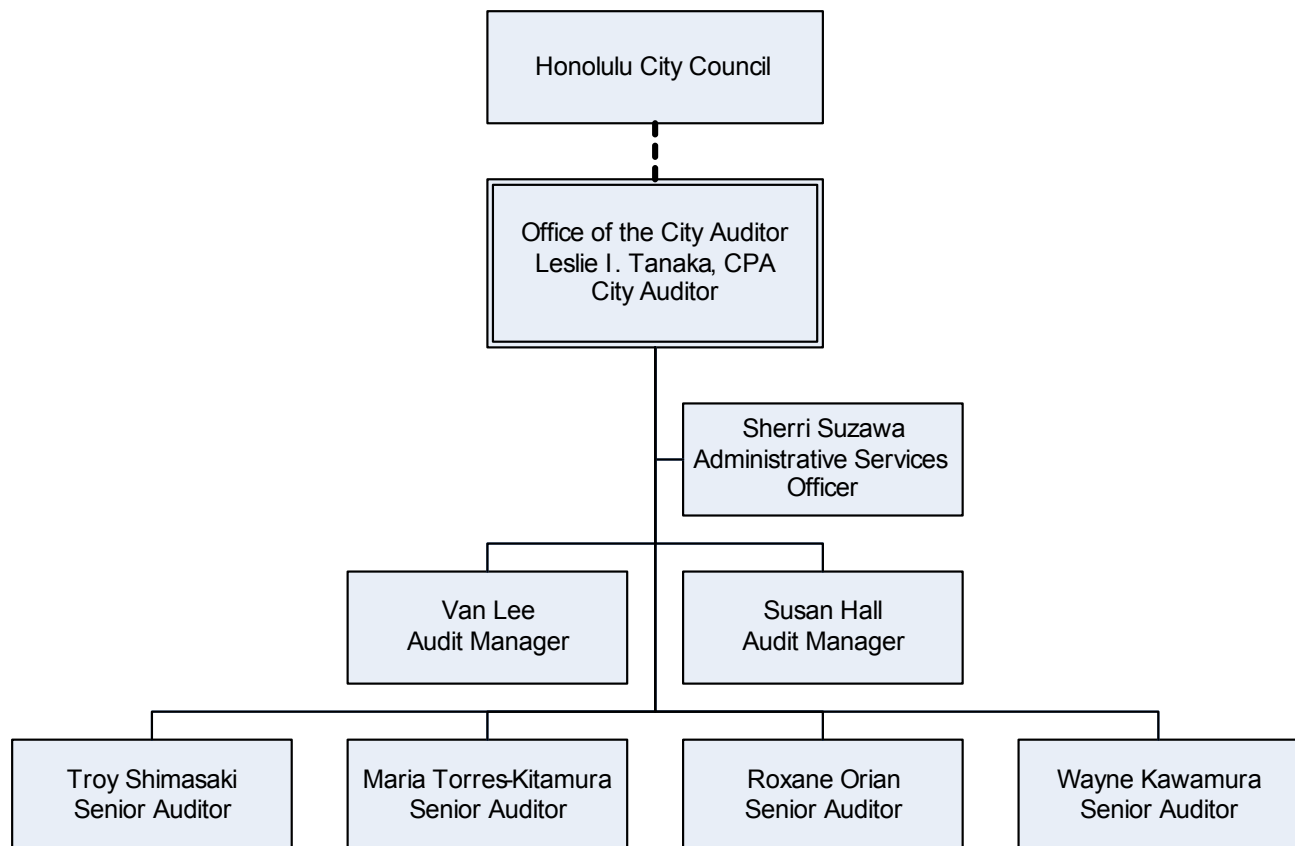
The charter further provides that the city auditor conduct or cause to be conducted: 1) the annual financial audit of the City, 2) performance audits of the funds, programs and operations of any agency or operation of the City, and 3) follow-up audits and monitoring of compliance with audit recommendations by audited entities. All audits are conducted in accordance with government auditing standards and audit findings and recommendations are set forth in written reports of the city auditor.

The Office of the City Auditor was created on July 1, 2003, with the appointment of Mr. Leslie Tanaka, CPA, as the City and County of Honolulu's first independent city auditor.

OCA'S MISSION

The Office of the City Auditor's mission is to promote accountability, fiscal integrity and openness in city government. The Office of the City Auditor will examine the use of public funds, evaluate programs and activities, and provide timely, accurate and objective analyses, options and recommendations to decision makers in order to ensure that the City's resources are being used to effectively and efficiently meet the needs of the public.

OCA ORGANIZATIONAL CHART



YEAR IN REVIEW

The Office of the City Auditor released the *Audit of the 2003-04 Mililani Curbside Recycling Pilot Project*, in October 2008, which completed our Fiscal Year 2008 audit work plan. The office is currently completing four performance audits according to our FY 09 work plan. We plan to release two of the reports in September/October and the other two in November/December. In addition, one contract audit was also completed this year.

SUMMARY OF REPORTS TO COUNCIL AND MAYOR

Our office released one performance audit, *Audit of the 2003-04 Mililani Curbside Recycling Pilot Project*, which was part of our FY 08 work plan. Our office is also in the process of completing four performance audits that were included in our FY 09 work plan. The reports are: 1) *Audit of Select Management Practices of City-Owned Vehicles Under the Jurisdiction of the Department of Facility Maintenance*; 2) *Audit of the Honolulu Fire Department's Fire Code Inspection Program for High-Rise Residential Buildings*; 3) *Audit of the Department of Transportation Services' Honolulu High-Capacity Transit Corridor Project Contracts*; and 4) *Audit of the Honolulu Police Department's Utilization of the 800 Megahertz Telecommunications System*. We plan to release two of the final reports in September/October and the other two in November/December of this year. We also continue to oversee the financial audit of the City, which resulted in findings and recommendations for the fiscal year ended June 30, 2008, by N&K CPAs, Inc., the contract auditor. All of these reports are available to the public on the Office of the City Auditor's web page (www.honolulu.gov/council/auditor).

Financial Audit of the City and County of Honolulu for FY 2008

Contract auditor, N&K CPAs, Inc. submitted their findings and recommendations for the financial audit of the City and County of Honolulu for FY 08 to the City Council in April 2009. Their findings included errors in recordkeeping over capital assets, and inadequate monitoring of the sufficiency of the financial assurance for the Waimanalo Gulch Landfill.

It was also reported that one finding from the FY 02 audit was still applicable in the FY 08 audit. Another finding from the FY 05 audit was pending a response from a state agency.

Audit of the 2003-04 Mililani Curbside Recycling Pilot Project



An automated collection truck collects a recycling container.

This audit was conducted pursuant to Resolution 04-48, CD1, *Requesting a Financial and Performance Audit of the Mililani Curbside Recycling Pilot Project*. The report focused on the planning, costs, and the results of the 2003-04 Mililani curbside recycling pilot project. We found that project design flaws hampered the Environmental Services Department's ability to fulfill the pilot project's operational goals. We also found that the department's failure to isolate or separately identify costs for the recycling pilot project from other departmental operations prevented the determination of the project's cost benefit.

We recommended that the director of the Environmental Services Department conduct curbside recycling pilot projects according to current ordinance requirements, including project design and reporting requirements, assessment of cost benefit, and implement best practices, as appropriate. We recommended that the director set up pilot projects independently, with adequate funding and staffing so that current contracts or operations are not impaired. We also recommended that pilot projects should not be used as a vehicle for unfunded administrative priorities. Finally, we recommended that the director adhere to funding restrictions for use of pilot project funds, use of contract funds and operational funds, and seek council authorization, when appropriate.

FY 2009 APPROPRIATIONS AND EXPENDITURES

The Office of the City Auditor was appropriated a total of \$1,212,563 in FY 09. Of this total, \$370,000, or 31 percent was expended for the City's annual financial audit contract, which OCA oversees for the council. OCA's total appropriated operating budget was \$842,563, of which \$634,992 was expended for staff salaries and \$195,758 was expended for office operations and equipment. Approximately \$11,814 in unspent appropriations was returned back to the City Treasury at the end of the fiscal year. Most of the unspent appropriations resulted from the difference between the estimated charges and the actual amount spent in connection with the relocation of the office to the James Campbell Building in Kapolei.

OCA FY 2009 Application of Resources

